

US EXECUTIVE APPROVAL FORM**CUSTOMER NAME: Emerson Electric Co., updated request as of 5/17/03****SECTION I - Approval Requests:****HQAPP Requests:**

1. Request to JE license revenue to cover 6 to 12 months of support cost associated with and order worth \$849K. In lue of purchasing all 705 external users in the transaction, Emerson would like to purchase ½ the external users at \$800 and apps/casuals users per the contract terms. The user counts for the apps/casuals users are a combination of current and planned need for the next few months. This concession would be \$60K - 102,800K worst case in JE from license to support.
 - a. Sales recognizes we have made significant concessions, but want to minimize the back and forth of contract clarification, placement of orders in increments of 24 users, and to hold Emerson accountable to their commitment to place a "significant order" in return for the additional terms.
 - b. Sales will continue to pushback on customer on this request, but want approval for meeting Lisa Pope has with CIO on 5/20 to discuss these outstanding issues.
 - c. If we do get full approval then requesting to compromise and cover 4-6 months worth of support.
2. Request clarification of license requirements for customers accessing Emerson applications via the web. These users are not included in the definition of external user. Emerson requested clarification for isupport, isupplier portal, istore, and configurator. Given the list of products in the contract, we should also request clarification for adviced pricing, istore, ipayment, ireceivables, and marketing on-line. Emerson understood from pervious conversations their customers and suppliers would be covered under the agreement otherwise they would have had to purchase the processor based metric for these users. This was an item discussed during the 3/5 meeting, but was not requested in previous HQAPP request since the focus was on definition of external users and Emerson believe it was not an issue. This is a clarification request to determine how to proceed with Emerson.

Justification:

1. Emerson is prepared to sign the deal next week for a total amount of \$849K in license. We made significant progress since they were planning to spend \$335K until we discussed the value of obtaining the external use pricing, additions to the ebiz bundle, and their verbal commitment they made to place a "significant" order in Q4. Instead of placing multiple small orders of 24 user counts they would place this order in one transaction
2. The incremental users being purchased are a consolidation of requirments for planned roll-out and external user requirements within the 6 months.
3. Emerson is requesting we cover the cost of support \$102,800K associated with some of these licenses they are buying a few months in advance. Although we do not want to create an incentive for Emerson to buy forward, this case is unique given the external user purchase. The \$102,800K is a full year of support, but the sales team will continue to pushback and suggest a compromise of 6 months.

Calculation Estimates

External Users 350 x \$800 = \$280,000 0% , support at 20% per previous approval \$56,000.00

Professional Users 77 x \$2,000 = \$154,000, support at 20% \$30,800.00

Apps Casual Users 200 x \$400 = \$80,000, support at 20% \$16,000.00

Total Net Fee \$514,000

Total Net Support For External Users \$56,000

Total Net Support For Apps and Casual Apps Users Per Contract Terms \$46,800

Total Net Support \$102,800

Total Net Fees: \$616,800

Note: Emerson has a current budget for \$335K which is not enough to spend and receive the changes requested for the contract.

4. In the interest of getting Q4 revenue, the sales team is requesting the ability to JE the \$102,800K from license revenue to support and clearly understand this is not going to be approved in the future
5. Account team would like to focus on implementation activity in Q1/Q2 rather thin working on user counts.



Emerson has demonstrated they hold back this information and are not procuring and implementing as quickly as promised.

6. Emerson agreed we want this done so we can focus on implementation over the next few months and not on placing small incremental orders
7. Emerson has demonstrated they will backpedal on commitments causing us to push them to place an order regardless of the amount and contract terms
8. Request the clarification for web-based access for customers since Emerson believes these users are not required to be licenses similar to other accounts who purchase the processor-based licenses for iSupport, iSupplier portal. The user counts are very difficult to count, hence the processor based license metric is typically purchased. The sales team is requesting clarification to determine how to proceed with these discussions.

Previously approved requests (include date of approval):

1. Per Emerson's EBusiness Suite Contract dated 2/20/02, allow them to purchase 200 Application Users (\$2,000/user License; 20% Support) and 200 Application Casual Users (\$400/user License; 20% Support).

As of HQAPP Approval 5/5/3 the following was approved:

Request HQAPP review/input on the below changes to the existing Feb 2002 Order Document based on verbal agreement between Safra and Greg Carmichael. Customer must spend a minimum of \$650K net L (after any net fee migrations if applicable) this FY in order to get this expanded bundle (need clarification on this per (1.) below.

1. HQAPP – Oracle positioned in their meeting with Emerson that there must be a “significant” purchase in order to get these concessions. Sales team is setting the threshold at \$650K net L (after any applicable migrations). If \$650K new Q4 net L isn't the right minimum purchase amount, please advise.
2. Request to amend existing contract bundles in the Feb 02 Order as follows. All products below are based on the current Price List.

The following products will be added to the Suite Application User and the Suite Casual User:

- **Financial**
 - Advanced Collections
- **Financial Services**
 - Lease Management
- **Maintenance Management**
 - Enterprise Asset Management
- **Order Management & Logistics**
 - Transportation
- **Other**
 - Customer Model
 - Customer Data Librarian
 - Customers Online
- **Projects**
 - Project Collaboration
 - Project Management
- **Supply Chain Planning**
 - Collaborative Planning
- **High Tech**
 - Shop Floor Management
- **Aerospace, Defense and Transportation**
 - Complex Maintenance, Repair, and Overhaul

The following products will be added to the Self-Service Bundle:

- **Human Resources**
 - iRecruitment

HQAPP – Please advise if the intent was to add these additional products at no charge for license or support, or if customer will be paying incremental support fees for the additional functionality. The issue of paying for support has not been discussed with the customer at this point. If intent is that customer will pay for support, it would be at 20% of net license fees with the flatline and cap matching the term of the original Order Doc. Although there is no immediate revrec impact. If HQAPP approves the 20% of net support pricing, RevRec will take to Global RevRec (per the new policy requirements). This would be a concession (done at the same time as generating new license revenue) that must be disclosed to the auditors, if approved.

3. Support in the existing Order Document is at 20% of net. Price hold for the updated user bundles remains as is in the contract with support at 20% of net flatlined until 2/07 and cap for 5 addn'l years thereafter at 5%.

HQAPP – There may be a revrec issue with adding products to the bundle at no additional charge and also an issue with support remaining at 20% of net. This will have to be escalated to global revrec after your review/approval. We may have to end up charging customer a minimal amount to add addn'l products to the bundle (99.999% disct) so we have incremental revenue for incremental functionality. If adding products to the bundle is approved, we will have to log as a concession, although there is no immediate revrec impact. If HQAPP approves the 20% of net support pricing, RevRec will take to Global RevRec (per the new policy requirements).

4. Currently there is language in the contract (Sec C.5) that states “If you (customer) want to add future products to the bundles, both parties agree to negotiate terms and pricing in good faith.”

HQAPP – This implies that Oracle will agree to add additional products in the future (it's customer's call). Given the concessions we're giving herein, not sure what the intent of adding additional products in the future is. We can either leave the clause untouched, remove it all together, or soften it up to say “If customer wants to add products in the future, we'll agree to discuss but we're not under any obligation to do so.” Sales believes that we mayl only agree to adding future products in the bundle if there is another “significant purchase”. Although not an immediate RevRec issue for this deal Revrec advises us not to put any language in this contract tying adding additional functionality with future license revenue. Please advise.

5. Migrating Existing Bundle Users – We're assuming that if customer is currently licensed for any of the bundles, that they can move to the new bundle at no additional license or support charge (old SS bundle users can move to new SS bundle user with the additional functionality).

HQAPP – Please advise if this was the intent from the meeting, or if the intent was that customer pays fees to migrate (either license and support or both). This will be a concession we have to log but should be no immediate revrec impact even if the customer does not have to pay. Sales believes customer is not expecting to pay anything.

6. Create “eBusiness Suite External Application User” license metric based on the updated bundles for use only by Emerson's distribution and sales channels, not their employees. Definition will be restricted for this type of use. Price established at \$800 net L per full use user and support at 20% of net L to match terms of existing Order document. Emerson verbally agreed to purchase 705 users. This bundle includes the updated applications bundle and a full use db license restricted for use with the Oracle applications in the Order Doc.

HQAPP – There may be a revrec issue with pricing support at 20% of net. Per the new policy, if HQAPP

approves, RevRec will take to Global RevRec as this will be a new purchase, not off their price hold. This will be logged as a concession.

7. Include language in the contract stating that if customer requires additional External Application User, requests will be evaluated on a case by case basis and Oracle is not obligated to sell additional users. Price hold to cotermin with existing price hold on 2/07 at \$800 net L and 20% on support.
8. Clarify that the database products in the existing bundles are full use, but for use only with the Oracle applications licensed in the bundle. This is just a clarification to the original deal. We are not changing any terms.
9. Request to add additional standard metric products off today's Price List to the Price Hold in "Additional Licenses", Sec C.9. (see list below) per meeting with Safra on 4/8 at the same 70% discount with support at 20%. Request support to be 0% flatline for 3 years from ED to match terms of existing Order Doc.

HQAPP – If you approve 20% support pricing, RevRec will consult Global RevRec. The discount on the new transaction – 70% will be subject to normal price hold discounting limitations.

- **Database Products**
 - IAS Java Edition
 - JDeveloper
- **Data Warehouse Products**
 - Pure Name & Address (North America)
 - Pure Name & Address (Latin America)
 - Pure Name & Address (EMEA)
 - Pure Name & Address (APAC)
 - Express Server
 - Express Analyzer
 - Express Objects
- **Integration Products**
 - Open Systems Gateway
 - Mainframe Integration Gateways
 - Enterprise Integration Gateways
 - EDA/SQL Gateway
 - InterConnect Adapters
- **Internet Application Servers (IAS)**
 - Java Edition
- **Other Server Products**
 - Message Broker
- **Tools**
 - Internet Developer Suite (iDS)
 - Discoverer Desktop Edition
 - Programmer
 - JDeveloper
- **Collaboration**
 - Collaboration Suite
 - Files

10. Include language in the contract that states an Bundle user can only use the included database for portal use provided: A. all users going through the portal must be a user of the apps under the contract (either full apps user or self service apps user) & B. the majority of the applications that the portal is used for must be Oracle applications. Specify they can not use the portal for a bunch of third party or home built apps. This is just a

clarification to the original deal. We are not changing any terms.

2.

SECTION II – Deal Summary:

Deal Summary	
Programs	Emerson E-Business Suite Bundle
License Discount	% (ebiz + %)
Support Discount	% (ebiz + %)
Comp & Admin Discount	
Phased Implementation for Comp & Admin?	See checklist below and forward a spreadsheet to NASINFO/OGEHINFO and Priscilla Morgan for review.
Support Options/Holds	Per 2/20/02 contract
Price Holds	Per 2/20/02 contract
List License	
List Support	
List Comp & Admin	
Net License	\$564,000(External) + \$400,000 (apps)+ \$160,000 (casual) = \$1,124,000
Net Support	\$124,080(External) + \$ 112,000 (per Contract) = \$226,080
Net Comp & Admin	
Net Total Price	\$ 688,080(External) + \$672,000 (per Contract) = \$ 1,360,080
Price List Used	N/A. Emerson 2/20/02contract based on 12/28/01 PL.

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	%
Date of Price List for price hold	12/28/2001
When does price hold expire?	2/20/2007
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	Emerson E-Business Suite
Name of Agreement if applicable	

SECTION III - Justification:

1. The external use license price was determined during a meeting between Greg Carmichael, CIO, and Safra on 3/5. At the time our list price for external user was \$1,000 for professional use and \$100 for employee. Emerson proposed \$200 and we countered and agreed on a price of \$800 per external user.
2. Allows Emerson to extend the value of their e-biz suite to their sales distribution channel for non-employee use as an external user metric. These users will have periodic use of the full ebiz suite and not just self-service, hence the reason for agreeing on the higher price point.
3. Emerson understands the ability to purchase external user license for use at sales/distributions channels is on a case by case basis since these users could potentially be full application users.
4. Request to include New Products into E-Business Suite Bundle as of the price list reviewed during the meeting on 3/5. We agreed we would review the ability to include additional products in the bundle each time Oracle published a new price list or on a quarterly basis Emerson understands not necessarily all products (ie vertical or specialty products) will be included. However, they believe if they kept up support all products Oracle includes in the eBiz bundle would also be included in the Emerson bundle.
5. Account team wants to minimize setting precedent that everytime O announces new products Emerson expects we will automatically add them to the contract. Suggest we agree to quarterly review of the contract to determine what if any products are added and if we added products then we expect a significant purchase order to justify the addition of the products per rev rec requirements.
6. Request to amend contract to include additional DB and Tools to contract at 70% discount to incent non apps users to use Oracle instead of alternative 3rd party products. This will increase usage of Oracle db/tools even if the division is not yet implementing the apps. The contract currently only gives access to these tools in conjunction with use of apps.
7. **The purchase of these licenses do not require a migration, however, three other divisions do need to migrate from their old metric to the new. Emerson may request to apply the credits for that migration against the purchase therefore we've requested the migrations to be completed. Two were completed under previous migration rules and will require being updated. The third needs to be completed since the CSI numbers from China were just obtained. If Emerson decides to request apply this migration toward this purchase, then we are request the minimum order for the terms granted in this ammendment is still maintained at \$650K .**

Recommendation: *(leave blank for HQAPP to fill out)*

Submitted By: *(fill in rep name and AVP name here)*

Field RM name if submitted by iSD:

R: *(leave blank for HQAPP to fill out)*

C:

L:

A:

BP:

PLEASE NOTE THAT HQAPP WILL NOT REVIEW ANYTHING BELOW AND NOTHING BELOW WAS CONSIDERED FOR THEIR APPROVAL. ONLY DETAILS IN THE REQUEST SECTION (SECTION I) ABOVE WERE CONSIDERED IN THE APPROVAL GRANTED.

SECTION V – Ordering Document Details**Instructions - Fill in all sections completely.**

APPROVAL REQUIREMENTS - Refer to the Approval Matrix at <http://esource.oraclecorp.com>

PRICING REQUIREMENTS – Refer to Price List and Price List Supplement for minimums and prerequisites.

PRICING SPREADSHEET – Include a pricing spreadsheet showing all products, quantities, license types, pricing, and discounts. Indicate if discount for drafting contract differs from approved discount.

MIGRATIONS - If your deal contains a migration, you must submit a Migration Worksheet to the ELM (eBusiness License Migrations) team. Refer to <http://nafo.us.oracle.com> under the Contract Management tab and e-Business License Migrations header to download the spreadsheet and for additional information.

Note: All business approvals & quotes are valid through the quarter they were approved, unless a formal RFP or Tender requires a longer validity period.

General Information	
Contract requested by : 4/11/03 After all approvals are obtained - Allow 24 hours for standard contracts and 48 hours for non-standard contracts.	4/11/03
Opportunity I.D. (OSO Number):	
Deal Structure (indicate Direct)	Direct
Is this deal the result of a compliance issue that LMS has been involved in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does deal contain new licenses with an <i>approved</i> non-supported license type (i.e. metric is not nor ever has been on Oracle's price list):	<input type="checkbox"/> Yes (specify non-supported license type and eBusiness license type used to determine conversion) <input checked="" type="checkbox"/> No
Quote Valid Through (insert date):	5/15/03
MIGRATIONS OR UPDATES:	Yes <input checked="" type="checkbox"/> No
PREMIUM SERVICES:	Yes <input checked="" type="checkbox"/> No
INCIDENT PACKS:	Yes <input checked="" type="checkbox"/> No
INTERNATIONAL: Requires an International Notification Form to be forwarded to your manager, contract specialist, and NASINFO or OGEHINFO.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Payment Terms:	<input checked="" type="checkbox"/> Net 30 Other (Specify)
Referenced Agreement:	<input type="checkbox"/> New OLSA <input checked="" type="checkbox"/> Other (Specify) Emerson OD of 2/20/02 (281757)

Customer and Administrative Information – all fields must be filled in	
Customer's EXACT Legal Name:	Emerson Electric Co.
Business Address:	8000 West Florissant Ave.
City / State / Zip:	St. Louis/MO/63136-8506
Customer Contract Admin:	Ken Hahn
Phone #:	314-553-2709
Fax #:	314-553-3505
E-mail ID:	Ken.hahn@emrsn.com
Billing Contact:	Ken Hahn, Same as above
(Partner/VAD if Indirect):	
Address:	
City / State / Zip:	
Phone #:	
Fax #:	
E-mail ID:	
Tax Status :	Exempt ____ (Need certificate for ship to state if not on Oracle's Tax Exemption Log)
	Non-Exempt ____
Shipping Contact:	
Address:	
City / State / Zip:	
Phone #:	
Fax #:	
E-mail ID:	
Technical Support Contact:	
Address:	
City / State / Zip:	
Phone #:	
Fax #:	
Email ID:	
Partner Name (Indirect):	
Address:	
City / State / Zip:	
Contact Admin:	
Phone #:	
Fax #:	
E-mail ID:	

Education (EPPC)	
Education Prepaid Credit Amount:	\$ <u>N/A</u>
Education Discount:	<u> </u> %
Education Revenue:	\$ <u> </u>
Education Sales Rep:	

PROCESSOR/NAMED USER PROGRAMS/COMPUTER PROGRAMS (REQUIRED INFORMATION)

Make and Operating System required for each program:

Make: Sun

OS: Sun SPARC Solaris

PROGRAMS: E-Business Suite

Applications		
Will applications be modified:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Will users be accessing modified Apps from the web:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Have all prerequisites been included:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Will users use Fast Forward RPM:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Will applications be hosted:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Indicate database that Apps will run on:		
Indicate CSI for existing prerequisite database and tools:		

Options not requiring HQAPP, Tier 1, or Tier 2 Approval	
(1)	
(2)	
(3)	
(4)	

Internal Administrative Information	
Applications Sales Manager	Gerald Dugan
Technology Sales Manager	James Norman
Account Manager	Gerald Dugan
iSD Rep	Eric Brown
Education Sales Rep	
Support Renewals Rep	
Premium Support Rep	
Migrations Manager	
Is there a teaming agreement?	<input type="checkbox"/> Yes (if yes, list all appropriate reps) <input type="checkbox"/> No
Requester:	Name: <u>Jerry Dugan</u> Business Telephone: <u>412-269-3686</u> Cell Phone: <u>412-613-2154</u>